

# **“The Women’s Small Business Programs Improvement Act of 2003”**

## **Explanation of Provisions**

### **I. SBA Office of Women’s Business Ownership**

This section of the bill reflects the Committee’s recognition of the achievements and challenges of women small business owners. The hearings and reauthorization roundtables, held during 2003, provided the opportunity to identify the Small Business Administration (SBA) non-credit programs that most interest or concern women advocates and business owners.

Hearing witnesses and Roundtables participants identified the following concerns held by women business owners:

- The concern for the Women’s Business Center Program’s sustainability grants pilot program that fund centers beyond the maximum 5-year funding periods;
- The need to expand the SBA non-credit programs (Entrepreneurial Development and Government Contracting);
- The need for current research on women-owned small businesses;
- The lack of progress for women to gain access to start-up and expansion capital; and
- The limited opportunities available to women-owned small businesses for Federal government contracts.

In followup meetings and discussions, women business advocates and leaders indicated their interests in positive changes for the SBA sponsored programs through the Women’s Business Centers program, the National Women’s Business Council, and the Interagency Committee on Women’s Business Enterprise. The SBA Office of Women’s Business Ownership is in a position to take the “real world problems” faced by women on a day-to-day basis and work with all of its partners and public and private resources to expand its menu of programs and services.

**The bill** will direct the SBA Office of Women’s Business Ownership to develop and make available new programs and services for established women owned businesses – adding to the SBA menu of small business start-up programs.

The new programs and services for women would assist women-owned small business solve problems concerning business operations, manufacturing, technology, finance , Federal government contracting and international trade and other disciplines required for starting, operating, and growing small business in changing economies. New programs would be based on recommendations by the National Women’s Business Council, the Women’s Business Centers, and the Interagency Committee on Women’s Business Enterprise, these programs and services would be developed by the SBA in partnership with its funded resource partners and private sector cosponsors.

**The bill** will direct the SBA to provide training for District Office Women Business Ownership Representatives (existing staff who carry out marketing and outreach activities) and District Office Technical Representatives (existing staff who carry out grant programmatic and financial oversight) and to provide resources for the District Offices to carry out their responsibilities in support of women's business ownership programs.

**The bill** will direct the SBA to submit a report on data collections on women's programs and services to the Congress no later than November 1<sup>st</sup> of each year.

**The bill** will direct the SBA to work with the Association of Women's Business Centers, the National Women's Business Council and the Interagency Committee on Women Business Enterprise to develop marketing and outreach programs, as well as procurement training programs, on Federal government contracting and business development opportunities.

## **II. Women's Business Center Program**

The Women's Business Center Program, established in 1988, provides long-term training and counseling to encourage small business ownership through nonprofit organizations. The competitive grant award programs is administered through the SBA Headquarters Office of Women's Business Ownership (OWBO) Grants Management Division, with oversight designated to the SBA District Office Technical Representative. The Women's Business Center program has been well received by recipient users and the program has been a tremendous marketing and outreach tool for the SBA in recent years. The SBA estimated in Fiscal Year 2002, the Women's Business Center program had an approximate return of \$161 for every \$1 invested in the program.

**The bill** makes the Women's Business Centers a permanent grant program with renewal options, replacing the Pilot Sustainability Grants Program. The Pilot program sunsets in 2003.

Existing Women's Business Centers will be eligible to submit proposals every 3 years. The program improvements are modeled after the SBDC grant program and several provisions contained in the Sustainability Grant Program. Eligibility and evaluation criteria will be established that encourages existing productive Centers to continue to participate in the program.

**The bill** recognizes the Association of Women's Business Centers (AWBCs) and directs the SBA Office of Women's Business Ownership to partner with the Association in developing and administering the programs delivered through the Centers (modeled after the SBA's current partnership with the Association of Small Business Development Centers with regard to the Small Business Development Center program).

**The bill** directs the SBA to streamline the reporting requirements of the Centers recognizing the limited grant award and limited human resources within the Centers.

## **III. Interagency Committee on Women's Business Enterprise**

The Interagency Committee on Women's Business Enterprise was created in 1977, as an interagency task force. By Executive Order 112138, in May 1979, the name was changed to the Interagency Council. In 1988, the Women's Business Ownership Act (Public Law 100-533) replaced the Interagency Council with a joint public-private sector National Women's Business Council. The SBA Reauthorization and Amendment Act of 1997 (Public Law 103-403) revised the Council's structure, returning to all public-sector participants to comprise an expanded Interagency Committee on Women's Business Enterprise.

Under current law, there is no authorization for appropriations to support the activities on the Interagency Committee. Nor are there clear directives on the operations and interaction of the Federal agency and department representatives. The Federal agencies<sup>1</sup> and departments represented on the Interagency Committee allocate existing personnel and resources to support participation on the Interagency Committee. The Interagency Committee is required to submit, through SBA, an annual report to the President and Congress, but there is no record of such annual reports being prepared or delivered for the past three years.

In addition, the President has not appointed a Chairperson to carry out the mission of the Interagency Committee, and therefore, it is inactive.

**The bill** will direct the that SBA Deputy Administrator temporarily fulfill the needs of the Interagency Committee Chair if vacant until the President makes an appointment. When the Interagency Committee is active and a Chair is in place, the SBA Office of Women's Business Ownership serves as Co-Chair. This action will provide for the continuity of activities and avoid the periods of time of inactivity.

**The bill** will direct the Interagency Committee to conduct three official meetings each year:

- In October to plan upcoming fiscal year activities;
- In February to track year-to-date agency contracting goals; and
- In August to evaluate fiscal year progress and begin the report process.

**The bill** creates a Policy Advisory Group consisting of representatives from the SBA, the Department of Commerce, the Department of Labor, the Department of Defense, Association of Women's Business Centers, and two individuals and two organizations that are members of the National Women's Business Council. Creating the Policy Advisory Group will return the Interagency to a mix of public/private members to provide the energy and direction so badly needed to revive the intent of the Interagency Committee.

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<sup>1</sup>Departments of Commerce, Defense, Education, Energy, Health & Human Services, Labor, Transportation, and Treasury. Agencies of SBA, General Services Administration, Office of Federal Procurement Policy, National Aeronautics and Science Administration, Environmental Protection Agency, and the Federal Reserve. And the Executive Office of the President.

**The bill** will create three subcommittees:

- Subcommittee on Manufacturing, Technology and Professional Services;
- Subcommittee on Travel and International Trade; and
- Subcommittee on Procurement and Federal Contracting.

These subcommittees will create the opportunity for smaller groups to work on specific issues. Each subcommittee will meet once a quarter and report their minutes to the National Women's Business Council, the SBA Office of Women's Business Ownership, and the SBA Contract Assistance for Women Business Ownership Office. In addition to the Policy Advisory Group members, all Federal department and agencies may participate at will.

#### **IV. National Women's Business Council**

The National Women's Business Council was created by the Women's Business Ownership Act of 1988 to serve as an advisory body because the Interagency Committee had been criticized for inactivity. By separating the Council from the Interagency Committee (1994 Act), the Council was able to focus on its mission. The 1997 Reauthorization Act provided for improved reporting duties and Council appointments.

The 1988 Act required the Council to conduct studies on issues relating to women-owned businesses, including the award of Federal prime contracts to women-owned businesses and access to credit and investment capital by women entrepreneurs. In general, the National Women's Business Council's statutory mandate is broad and lacks integration with other women's business ownership programs.

Although the Council has not received its authorized level of \$1 million in funding, it has been required to designate \$550,000 of its appropriated funding to research studies. The level of funding for Fiscal Year 2003 was \$750,000. The *Administration has proposed* a change in the amount that can be spent on research studies – from a set amount of dollars allocated to a 55 percentage of appropriated funds.

**The bill** supports full funding for the National Women's Business Council and full authority for the Chairperson to conduct the Council's activities. In addition, the bill establishes an allocation of appropriated funds for research.

The change will provide the opportunity for the Council to engage in activities, conferences and the development of programs and services, at the direction of the Chairperson, and be more pro-active in the years 2004 through 2006.

**The bill** creates three Sub-committees on the Council (which parallel the new subcommittees that the bill establishes for the Interagency Committee on Women's Business Enterprise):

- Subcommittee on Manufacturing, Technology and Professional Services;
- Subcommittee on Travel and International Trade; and
- Subcommittee on Procurement and Federal Contracting.

These subcommittees will create the opportunity for smaller groups to work on specific issues and interact with the Interagency Committee on Women's Business Enterprise and the SBA Office of Women's Business Ownership. Recognizing that the membership of the Council includes very active business owners and leaders, rather than establish official meetings for the Committees, the participants may participate via conference calls or video conferencing.

**The bill** will provide the Council with cosponsorship authority. The SBA advised the Council in 2003 that the Council did not have sufficient authority to engage in cosponsored activities (such conferences, training activities, and materials). The inability to engaged in cosponsored activities would seriously impede the works of the Council in the future. It is through cosponsored activities, partially funded by the private-sector or other government agencies, that the Council is able to conduct research as well as produce activities for women-owned small businesses.

**The bill** will clarify the membership representation. At present, there is a problem with the interpretation of Council membership as applied to an organization, business or individual. Clarification language is needed to allow an organization or business to change the names of individuals representing the organization or business on the Council without interruption.

**The bill** directs the Council to establish a repository, at the direction of the Chairperson, of information and research on women's entrepreneurship.